



STATE OF UTAH

DIVISION OF WILDLIFE RESOURCES
DOUGLAS F. DAY
Director
EQUAL OPPORTUNITY EMPLOYER
1596 West North Temple/Salt Lake City, Utah 84116/801-533-9333

July 17, 1980

Mr. Max J. Reynolds
Great Salt Lake Mineral and
Chemicals Corporation
P. O. Box 1190
Ogden, Utah 84402

Dear Mr. Reynolds:

Thank you for the revised drawing showing the pump stations and contour lines associated with your proposed pond expansion. This new information will be helpful to us in our assessments.

We were hopeful that our meeting on July 8, 1980, would reinforce our continued concern with any further pond development in Sec. 19 through 23, T. 7 N., R. 4 W.; in the northern half of Sec. 23 and 24, T. 7 N., R. 5 W.; or in any areas of the bay north or northeast of these sections. As we informed you as far back as April 14, 1965, we oppose development of state lands north of a line separating Sec. 24 and 25, T. 7 N., R. 3, 4 and 5 W.

In 1973, the Division did approve development north of that line in Sec. 17, 18 19 and 20, T. 7 N., R. 3 W., and Sec. 13, 14, 22, 23 and 24, T. 7 N., R. 4 W., after your corporation agreed to curtail some proposed expansion eastward and to prohibit the private use of its dikes for hunting or access to hunting. At that time, we again expressed opposition to any further northward construction. We are pleased that you are reviewing your recently proposed development in that area with our concern in mind.

At our recent meeting, you pointed out that you were uncertain whether or not feasible construction techniques were available which would permit construction of your proposed dikes during the current high water cycle of the lake. You proposed to start development of one area to clear up that uncertainty. Understanding the importance of the feasibility studies this fall to your planning for further construction and production timetables, the Division hereby gives approval for construction of the proposed pond(s) in parts of Sec. 11, 12, 13, 14, 22, 23, 24, 26 and 27, T. 6 N., R. 5 W. Our records and experience indicate that this area receives no significant waterfowl or hunter use.

We should point out that this approval is granted in response to terms of the stipulation attached to Mineral Lease ML 22782, and does not override the responsibility of G.S.M.C.C. to obtain such other local or federal permits or approval as may be legally required.

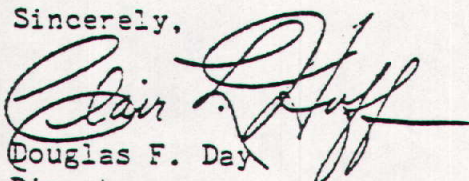
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Mr. Max J. Reynolds
July 17, 1980
Page two

Further approval for development will await the outcome of your ongoing review of the present proposal, the results of the feasibility studies, and the construction technique selected, and the construction timetable proposed. We suggest that construction during the spring and fall be avoided where possible in areas where conflicts with waterfowl and/or hunter use are likely to occur.

We are optimistic that much of your proposed expansion can be accomplished without impairment of wildlife resources and other public interests. We look forward to working cooperatively with you toward that end.

Sincerely,


Douglas F. Day
Director



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES

400 EMPIRE BUILDING
231 EAST 400 SOUTH
SALT LAKE CITY, UTAH 84111

SCOTT M. MATHESON
Governor

GORDON E. HARMSTON
Executive Director

February 27, 1981

M E M O R A N D U M

TO: Gordon E. Harmston, Executive Director
Temple A. Reynolds, Deputy Director

FROM: Stan Elmer, Planning Coordinator

SUBJECT: Great Salt Lake Minerals Request to Expand Evaporation Ponds into
Bear River Bay

The discussion in the meeting you held Thursday, February 26, to air concerns about the expansion of ponds into an area of Great Salt Lake that is important to waterfowl pointed out the need for the Great Salt Lake Board and Technical Team to get involved.

Section 65-8A-2 of the Utah Code states in part: "The Legislature recognizes that management of the Lake to enhance one particular value of the Lake will often compete or conflict with some other value and . . . these conflicts will inevitably arise unless some means of coordination . . . is created. The Legislature recognizes that this coordination must be done in a manner that will insure a balanced use of the resources of the Lake . . ."

In addition to creating the Great Salt Lake Board, the law sets up the following criteria for consideration in providing that balance:

1. Constraints established by nature;
2. Needs of the people residing in the area; and
3. Retain the Lake's basic identity as a unique natural body of saline water.

During the preparation of the current Comprehensive Plan for the Lake, the Technical Team and the Board considered input from interested individuals and agencies at more than fifty meetings during 1975 and 1976. Proposals should be considered in light of that Plan and based on their affect on surrounding land uses.

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February 27, 1981

Balancing competing interests has already happened in the process of developing the Plan. The Plan allocates the area that Great Salt Lake Minerals wants to expand into as "Future Development Area for Wildlife Use," not as a potential ponding area for mineral extraction.

In approaching this question from another angle, one arrives at almost the same conclusion. When the lease was first let, mineral extraction won over wildlife use; when the ponding area was expanded, a trade was effectuated which gave both sides some benefits--that still leaves mineral extraction ahead; when the Great Salt Lake Comprehensive Plan was developed, mineral extraction in general was allocated vast areas along the western shore for ponding areas and wildlife uses were given Bear River Bay and a few additional areas along the east shore--that puts mineral extraction in general even further ahead; if just the Bear River Bay area is considered, the Comprehensive Plan allocated future expansion area only to wildlife and flood control purposes--that means this specific mineral extraction industry lost some ground in the balancing process--however, that still leaves mineral extraction slightly ahead.

If one considers the critical nature of the eastern shoreline of Great Salt Lake to waterfowl needs along the Pacific Flyway and if the three criteria in the law are used, then Bear River Bay should be maintained for wildlife. This puts the burden on Great Salt Lake Minerals to prove that its proposals will benefit waterfowl; otherwise, they should not be allowed to expand based on these overall considerations. However, Great Salt Lake Minerals has a lease that, on the one hand, gives it the right to expand and a stipulation, on the other hand, that gives the Division of Wildlife Resources the right to at least modify the expansion if not disapprove it.

Therefore, the alternatives open to Great Salt Lake Minerals seem to include at least the following:

1. Honor the Great Salt Lake Comprehensive Plan and the balancing that has already taken place:
 - a. Do not expand any further; or
 - b. Expand to other locations on the west shore; or
2. Request the Great Salt Lake Board to amend the Comprehensive Plan to provide some future ponding area for mineral extraction in the Bear River Bay area:
 - a. The Board could follow the Plan and say no; or
 - b. The Technical Team could be instructed to study some alternatives; or
 - c. Great Salt Lake Minerals, State Lands, and Wildlife could propose some alternatives; and
 - d. The Board could then amend the Plan; or

February 27, 1981

3. Have the courts declare that the lease and subsequent lease trades supersede the Comprehensive Plan since it came after the lease:
 - a. Wildlife could then approve or disapprove the proposed expansion or some mutually developed compromise; or
 - b. The court could declare that Wildlife's rights are limited to only slight modifications and that the lease should be honored by approval of the proposal essentially "as is" or with some modification to benefit Wildlife.

Then, of course, there is the question of the impact of the Corps of Engineers 404 Permit on this decision, which only the Division of Wildlife Resources would be able to influence. A consensus by all parties beforehand would certainly help in that process.

db

CC: Division of Wildlife Resources
Division of State Lands and Forestry
Department of Community and Economic Development
Division of Industrial Development



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES

400 EMPIRE BUILDING
231 EAST 400 SOUTH
SALT LAKE CITY, UTAH 84111

SCOTT M. MATHESON
Governor

GORDON E. HARMSTON
Executive Director

March 4, 1981

M E M O R A N D U M

TO: Doug Day, Director, Division of Wildlife Resources
FROM: Temple A. Reynolds, Deputy Director
SUBJECT: Great Salt Lake Minerals Evaporating Ponds

Following our discussions last Thursday with Mr. Peter Behrens, Great Salt Lake Minerals, Stan Elmer prepared a memorandum outlining the impact of Great Salt Lake Minerals' proposal on the existing Great Salt Lake Plan and, in his role as representative of the Great Salt Lake Board, suggested that that Board also has an integral role to play in treating with and approving Mr. Behren's proposal for additional evaporating ponds.

As we left our February 26 meeting, it was agreed that your field personnel would undertake a search for areas where Great Salt Lake Minerals might expand its evaporative ponding facilities, both north and south of the railroad causeway. At such time as this work has been completed, I believe it would be fruitful for staffs of Wildlife, Lands, Great Salt Lake, and the Department to meet once again with Mr. Behrens to discuss feasibility and desirability of your alternative proposals. At such time then, as staff has reached tentative agreement with representatives of the Great Salt Lake Minerals Corporation, it would be our intent that a proposed position be formulated and presented for endorsement to the Wildlife Board, the Land Board, and the Great Salt Lake Board.

At such time as your field surveys have been completed and you believe you are ready to begin resolution of the problem, please contact Stan Elmer, who in turn will set up a meeting of the principles involved.

jb1

cc: Bill Dinehart, Division of State Lands and Forestry
Stan Elmer, Department of Natural Resources
Gordon E. Harmston, Department of Natural Resources
 Dale Carpenter, Department of Community and Economic Development
~~Becky Be...~~

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Attachment H-3

AMERICAN

OCTOBER 1980

MINING CONGRESS JOURNAL



Attachment I

Interview with Sen. Lloyd Bentsen, p. 31.



United States Minerals Vulnerability: National Policy Implications

Last month at the American Mining Congress convention in San Francisco, Rep. James D. Santini (D-NV), chairman of the Mines and Mining Subcommittee of the United States House of Representatives, released the subcommittee's report on its two year investigation of nonfuel minerals policies. The report, entitled "U.S. Minerals Vulnerability: National Policy Implications," is one of the most important documents ever prepared on the subject.

What follows are highlights from the 90-page report and the recommendations of the subcommittee

Throughout the 96th Congress, the Mines and Mining Subcommittee conducted a lengthy and detailed inquiry regarding the availability of minerals essential for maintaining the nation's economy and security in a way its citizens have a right to expect.

During the course of that inquiry, attention focused upon the many problems that have limited and will increasingly limit the domestic availability of minerals. The problems are many and diverse, but they funnel down to one very obvious conclusion: the United States is promoting its dependence upon foreign sources at the very time the security of many of those sources are becoming less certain. Actions and decisions of government, while seemingly unrelated to minerals adequacy, are subtly moving this nation in a direction where the federal government has an overriding ability to determine when, where, and if we will mine our own minerals.

Following the 1973-1974 oil embargo and the ensuing "energy crisis," the most frequently asked questions were: "Didn't anyone see this coming?" and "Why wasn't the government ready for this?" As the United States is drawn closer to similar supply constraints regarding nonfuel minerals, the federal government finds itself again lacking much more than basic information. It is lacking a commitment to act responsibly.

What is particularly distressing is the absence of a commitment in those very departments that are charged with ensuring domestic mineral adequacy.

At the same time, Congress with the diverse interests of its members, and operating without full knowledge of the criticality of minerals to economic well-being, has thus far failed to adopt a truly national perspective re-

garding a minerals policy. It is imperative that national leaders understand the significance of nonfuel minerals and direct officials of government to make a correction.

This report represents the initial step toward the development of that national perspective.

The Role of Minerals in the U.S. Economy

If the United States truly expects to maintain its economic strength; to meet tomorrow's more sophisticated challenges; to improve the quality of life of its citizens, as well as that of others; and to regain the leadership expected by the free world, it must return to a clearer realization of the indispensable role that mineral raw materials, and the technology that is so intimately a part of their use, play in the economy.

A vast majority of U.S. citizens have lost sight of the role of minerals in the human environment in which they are intimately involved. Their homes, their travel to and from work, their places of employment all depend upon nonfuel minerals.

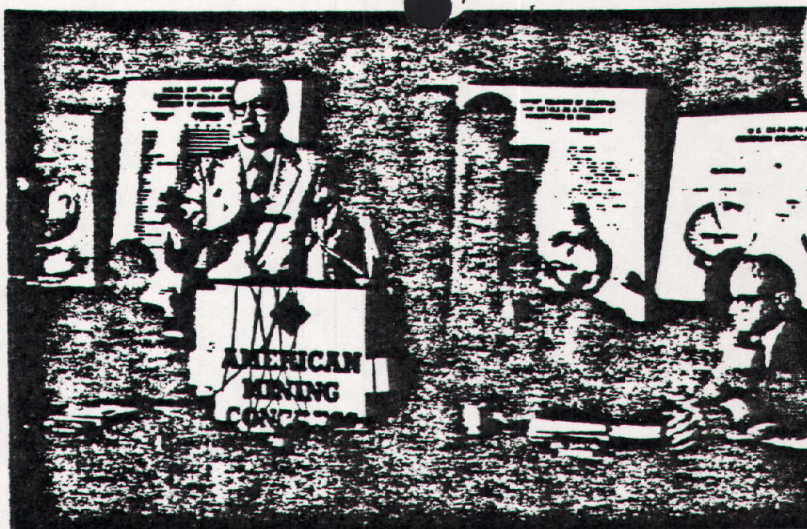
It seems that the further Americans have collectively moved from raw materials production, the more that production is taken for granted. The more visible are the products of mining in our lives, the less is our appreciation of the need of mining.

America has developed a store-shelf mentality, expecting all that we need to appear somehow in the quantity and quality necessary, at the time and place of demand. Meanwhile we are swept along by loud advocates of policies that not only reduce our productive capacity but increase our reliance on others.

Despite the hard lessons now being learned as a result of foreign energy dependence, little attention is being

The American Mining Congress convention last month in San Francisco was the place where the non-fuel minerals policy report of the Mines and Mining Subcommittee of the U.S. House Representatives was released at a press conference. In the picture on the facing page, Rep.

Santini fields questions from the press while Rep. Don Young (R-AK), ranking minority member of the subcommittee, and Perry Pendley, consultant to the minority, listen. In the picture on the right, Rep. Young answers questions while Rep. Santini and Will Dare, subcommittee consultant, observe



paid to the consequences of increasing nonfuel mineral dependence.

The committee is well aware that America cannot be totally self-sufficient in all minerals and that the inter-reliance of nations on the free movement of minerals in international trade will of necessity remain a vital component of supply. However, the United States remains a mineral-rich country. It is in the interest and to the advantage of the United States and to its allies to encourage industry to maximize its mineral investments within our nation's borders.

America cannot assume as we did with energy that adequate mineral supplies will somehow be there waiting for us when we need them.

Past Studies on Minerals Policy

There have been no less than 20 mineral or material policy studies that have been prepared or commissioned by one governmental agency or another as well as by experts outside government.

It is obvious that the national significance of adequate mineral supply and the importance of a strong domestic industry is a universal starting point. All agree, to a greater or lesser extent, that foreign imports provide least-cost benefits to the consumer. At the same time, most see the pitfalls of import dependency and how such dependency forfeits freedom to make political, economic, and defense decisions.

The most obvious conclusion that can be drawn from the various reports on mineral policy is the correctness and utility of the Mining and Minerals Policy Act.

The decline of America's mineral producing capabilities and all that it portends is not the result of the law's (Mining and Mineral Policy Act) lack of specificity, but is rather a deficiency on the part of those who fail to understand its importance. Congress too has played a role in the decline of America's mineral capabilities. Congress, because of its fragmented policy process, has failed to provide oversight, has not sought to understand how other legislation negatively affects the production of minerals, and has failed to check executive initiative oriented only toward other and often conflicting policy goals.

Another conclusion to be drawn from the reports of the last 10 years is that they have made no imprint on

the formation of executive policy, which, out of a concern for the attainment of other national goals, has given little or no priority to the nation's minerals. Few have yet to realize that, whether in the pursuit of improvements in the quality of the environment, assistance of developing countries in attaining larger shares of the earth's resources, or achievement of no growth or a lower living standard for the United States, any group of actions that by cumulative impact weaken America's ability to produce its minerals will exact a price that the citizens of this country may well not want to pay.

The Mining and Minerals Policy Act of 1970

In the past, government's most direct role in mineral policy implementation has been in reaction to massive mineral requirements for wartime or to major unforeseen changes in external supply.

What has been lacking for 10 years is neither policy nor effectuating tools but desire and will.

Notwithstanding the clarity of the statutory language of the Mining and Mineral Policy Act and the fundamental purpose of its accompanying legislative history, the Department of the Interior has chosen, for a full decade, to abdicate its assigned role and responsibility. Interior has a long record of benign neglect regarding the mining and minerals industry.

In what must surely be a rare, if not solitary, instance of a government official denying to himself authority which others would contend he had been granted, Secretary Cecil Andrus declared the act but an empty shell.

In the face of an unequivocal congressional directive to do so, the department has made no effort to develop a system for identifying, quantifying and evaluating the impact of proposed federal actions on nonfuel mineral resources. The result is that minerals now stand alone as the most neglected of our renewable and non-renewable resources not to mention national policies.

Perhaps no single action by the Department of the Interior is as illustrative of its abdication regarding the Mining and Mineral Policy Act of 1970 as the reports issued under that statutory mandate. Initially comprehensive and at least willing to acknowledge the duties and responsibilities assigned under the act, the reports degenerated into a perfunctory, yet totally unsatisfactory fulfillment of the form but not the substance of the

requirements of the act.

It is long past time for the department to become serious regarding the mandates of congressional acts.

The Department of the Interior, with its preeminent concerns for other resources, has been woefully negligent in the performance of its responsibilities regarding the nation's minerals. The department has blatantly ignored the findings and recommendations of numerous expert studies on minerals policy stretching over the past 30 years and has abdicated its responsibilities in implementing the single congressional statement of national mineral policy—the Mining and Mineral Policy Act of 1970.

The Nonfuel Minerals Policy Review

The entire effort was a tragic waste that cost American taxpayers about \$3.5 million and the loss of some 13,000 person-days.

The review provided an ideal mechanism for the executive branch to examine the host of problems regarding this issue from the divergent viewpoints of the various domestic and foreign policies so as to determine the direction necessary in the years ahead to maintain the strong mining industry critical to the economy and national defense.

The Nonfuel Minerals Policy Review was doomed from the outset because of the lack of priority given to it by the administration.

The failure also highlights the deficiencies of the administration's Domestic Policy Review System.

The only conclusion that can be drawn from this exercise is that the executive policy mechanism no longer possesses even the arguable merits for coordinating major questions.

Government's Decisions and Minerals Availability

Over the past decade the development of ore deposits in the United States has become increasingly dependent upon decisions of government—a government increasingly opposed to such development. In fact, in some cases, the federal government's opposition to mineral development has been accomplished by the open solicitation of public opinion against such development. In other instances, government's inertia and predisposition in favor of nondevelopment must be overcome by evidence which often amounts to "proof

beyond a reasonable doubt." As a result, the assumption by the federal government of the role of final arbiter and decisionmaker has made mineral development and production difficult, time consuming, and costly and, in the end, often impossible. The nation's mineral security has thereby become dependent, not upon the free market system but upon the political process.

It is not so much that coordination has not improved in almost 30 years, or even that government's ability to complicate coordination has made the situation exceedingly worse, but rather that there is today absolutely no federal policy-level advocate for minerals.

There must be somewhere in government a willingness and a capacity to grasp the seriousness of the mineral shortfalls that certainly lie ahead if the nation continues on its present path.

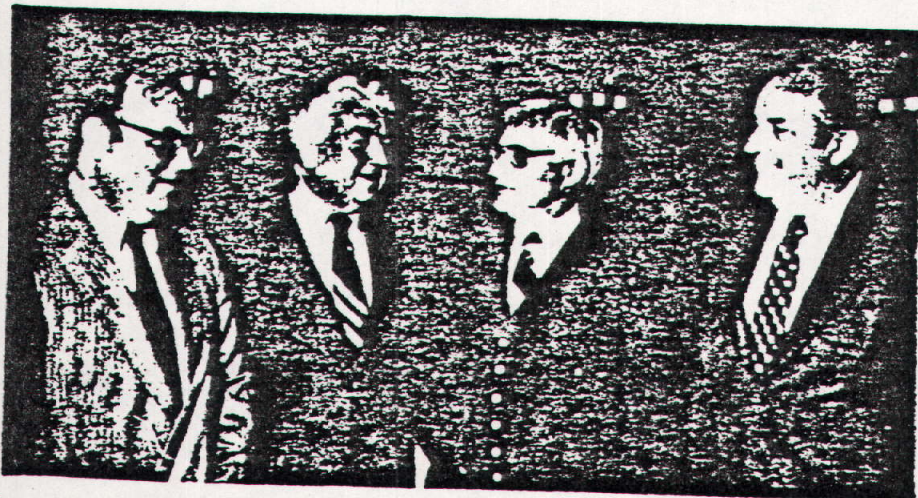
Government's policy decisions regarding mineral pricing are shortsighted, contradictory and change according to the circumstances and the government agency involved. Government's control of mineral prices during periods of inflation reflects little understanding of cyclical international markets or of the fact that such control inhibits the ability of American mineral producers to recover from periods of low prices. At the same time, government's antitrust policies prevent American producers from jointly discussing such matters with government agencies.

The Justice Department and the Federal Trade Commission believe that prices should be established competitively in open markets, presumably without regard to the social consequences of sharply fluctuating prices. On the other hand, the State Department only worries about the effect of fluctuating prices on the economies of developing countries.

Good mineral policy should not be a policy of reaction, but rather the product of a steady commitment that recognizes the indispensability of minerals to the nation's industrial base and its national security.

The most debilitating element of the process now unfolding is that while government planners expect industry to solve the problems, government pursues a course that make solutions increasingly difficult.

Government can no longer stand at arm's length to the nation's long-term mineral interests. The decision the government must make—and, of all the decisions made for the past 10 years, the one that it has refused and failed to make—is that the development of a strong and stable domestic mining and minerals industry is in



Last year at one of the many hearings by the House Mines and Mining Subcommittee, the American Mining Congress offered its views. Testifying on behalf of the AMC were, from left: Stanley Dempsey of Amax, David Swan of Kennecott, and Ralph Mecham of Anaconda. Other AMC witnesses, shown on the facing page, were, from left: Simon Strauss of Asarco, Edward Miller of Amax, Dennis Bedell of Miller & Chevalier, and Howard Edwards of Anaconda. Charles Carlisle of St. Joe also testified

Good mineral policy should not be a policy of reaction, but rather the product of a steady commitment that recognizes the indispensability of minerals to the nation's industrial base and its national security.

the nation's best interest.

Government can and should enhance the prospect of adequate return on investment by avoiding artificial restraints on the free-market system, undertaking economic policies that encourage capital expenditures by the mining and mineral processing industry, and adopting a sounder priority of national goals.

For long-term survival, the mineral industry needs adequate prices and profits on the high side of the cyclical flows to offset the loss incurred on the low-side. If government interferes, and by so doing deprives the industry of a return on investment, the industry's ability to attract capital will be permanently impaired and its securities will remain suspect.

Government can and must ease the funding problems faced by mining companies by amending the laws pertaining to tax-exempt bonds.

If America ever hopes to have a mining industry capable of providing the minerals essential for our economy, it is essential that government's economic policies encourage capital investment and development in the minerals industry.

Tax Policy Problems

Federal tax laws have not kept pace with the changed circumstances confronting the mining industry. They have not accorded any meaningful recognition to the capital and operating cost burdens currently placed on that industry. Greater incentive must be provided to as-

sist the industry not only in meeting its general capital needs for the development and expansion of productive capacity but in alleviating the undue burden imposed on the industry by mandating environmental and health and safety expenditures. Improved financial posture of the mining industry is necessary if that industry is to regain any semblance of a competitive position in world markets.

To achieve that goal, it is essential, first, that the existing long-standing, time-proven provisions of America's tax laws that recognize the importance of the mining industry—percentage depletion allowances and expensing of exploration and development costs—continue; second, that investment tax credit, an important incentive to capital formation, be extended to include all buildings used in mining and manufacturing and be made refundable or at least fully creditable against a company's entire tax liability; third, that realistic, flexible capital cost recovery allowances for plant and equipment investments be adopted in lieu of present depreciation allowances; fourth, that the costs of environmental and other similar government-mandated requirements be written off over any period selected by the taxpayer, including the year of expenditure, and; finally, that tax-exempt municipal bond financing be available for nonproductive pollution control abatement equipment as well as for other government-mandated expenditures.

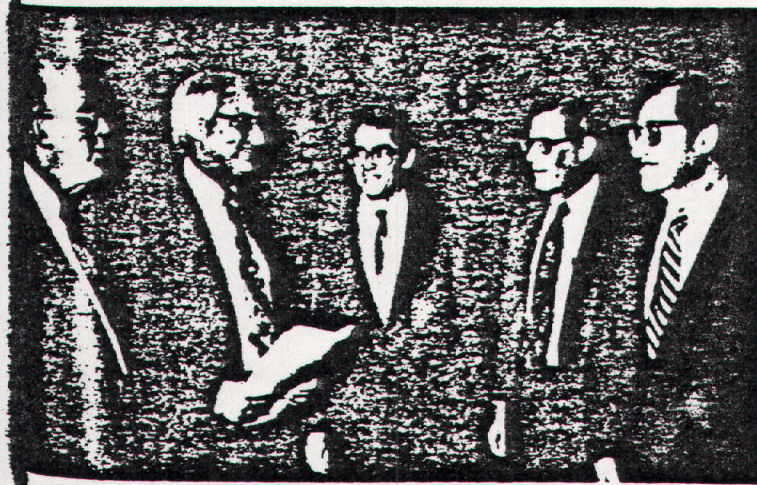
Antitrust Enforcement Problems

In the area of antitrust enforcement, one finds much the same narrow doctrinaire approach, the same tunnel vision, the same open disregard of national minerals policy as is found in other governmental arenas.

In the past decade, capital costs of major new mining and mineral processing ventures have grown faster than the financing capabilities of many independent United States mining concerns. The traditional hostility of United States antitrust policies toward joint ventures hinders United States firms in pursuing one of the most viable financing alternatives open to them.

The evidence strongly suggests that United States antitrust policy contains and reflects serious misconceptions about the nature of competition in the world market in which American mining companies must operate. Moreover, the evidence demonstrates that the antitrust agencies have been less than diligent in advancing the cause of free competition in several important respects. Unlike the United States, the European Economic Community and Japan, in their own interest, have significantly and realistically liberalized their antitrust laws.

In 1978 proceedings were commenced before the United States International Trade Commission before which copper and zinc producers sought temporary limits on imports. It is fair to say that, regarding both minerals, United States producers were resorting to the only lawful mechanism available to them to bring the forces of the market to bear upon foreign producers. Yet, in both instances, the Antitrust Division of the Justice Department intervened on behalf of the foreign producers. In so doing, the Antitrust Division appears to have been pursuing abstract principles of free access to markets, while ignoring the real threat to continued participation by United States firms in world markets



which were and are increasingly dominated by state-owned or controlled enterprises. Ironically the ultimate result of the end sought for both copper and zinc by the Justice Department was not a fostering of competition in the world market but a further concentration of production in offshore subsidized operations.

Notwithstanding the long-term impacts of such regulations, there does not appear to be a single instance in which the Antitrust Division argued in proceedings of these agencies for a more balanced regulatory approach so as to increase domestic supply to preserve competition.

If the domestic mining and minerals industry is to survive so as to provide America the minerals domestically available, the counterproductive and myopic approach of the Department of Justice and the Federal Trade Commission must become part of the broader national goals.

Environmental and Health and Safety Regulations

This trend toward environment enhancement at any cost, regardless of economic impact, has lead to excessive and unreasonable regulations which today threaten to stifle private enterprise and to cripple the basic industries of America, particularly the mining and minerals industry.

Congress is to be faulted for an inability and unwillingness to make the difficult decisions demanded by environmental versus development concerns and instead adopt statutory mandates that are frequently expressed in ambiguous, inconsistent terms, phrasing and sections, thus providing fertile ground for the promulgation of regulations by federal agencies.

Environmental, health and safety goals conflict with the objectives of national minerals policy not by their nature, nor their desirable objectives, but through uncertainty, delay, excessive costs and the snuffing out of the innovative approach to the problem solving, which has been a hallmark of the American free enterprise system.

Probably the most difficult concept for this committee to grasp is the expectation of government regulators that they will settle for no less than perfection. The whole world recognizes intuitively that perfection is rarely attainable in anything, but environmental and health and safety regulators refuse to even consider the alternative of "an acceptable risk."

Environmental controls, regardless of the desirability

of their objectives, cannot long continue in total disregard of the economic feasibility of their attainment. The federal government, as a fundamental aspect of national minerals policy, must seek balance between the environmental, health and safety statutes and regulations and the need to ensure the reliable availability of strategic and critical minerals. The flaw most obvious in the executive mechanism, once again, lies in the total absence of a responsible official to advocate balance, or at least one who understands and shows an interest in the essential need of a strong American minerals posture.

Public Land Access Problems

Given the anomalous nature of economic mineral deposits and the continuing need for domestic supplies of nonfuel minerals, it would seem natural that the government would encourage new exploration in the United States. Government policies, in fact, have proved counterproductive to the discovery and the development of mineral deposits.

America still knows little about the total resource potential of its land. However, it is no longer a matter of relying on the capabilities of exploration crews to find mineral deposits. The most precious asset, access to land—primarily the mineral-rich public land—in which to search for minerals, could well become the scarcest component in America's mineral supply future.

The most deplorable aspect of this shortsightedness is that it is being done without knowledge of the losses involved, without any attempt to understand long-term impacts, and without any accountability in government to answer for the consequences. Over the last 10 years the United States has made grave, fundamental errors in administering its public lands with respect to minerals, even though the organic acts of the principal land managing agencies adequately provide for mineral development.

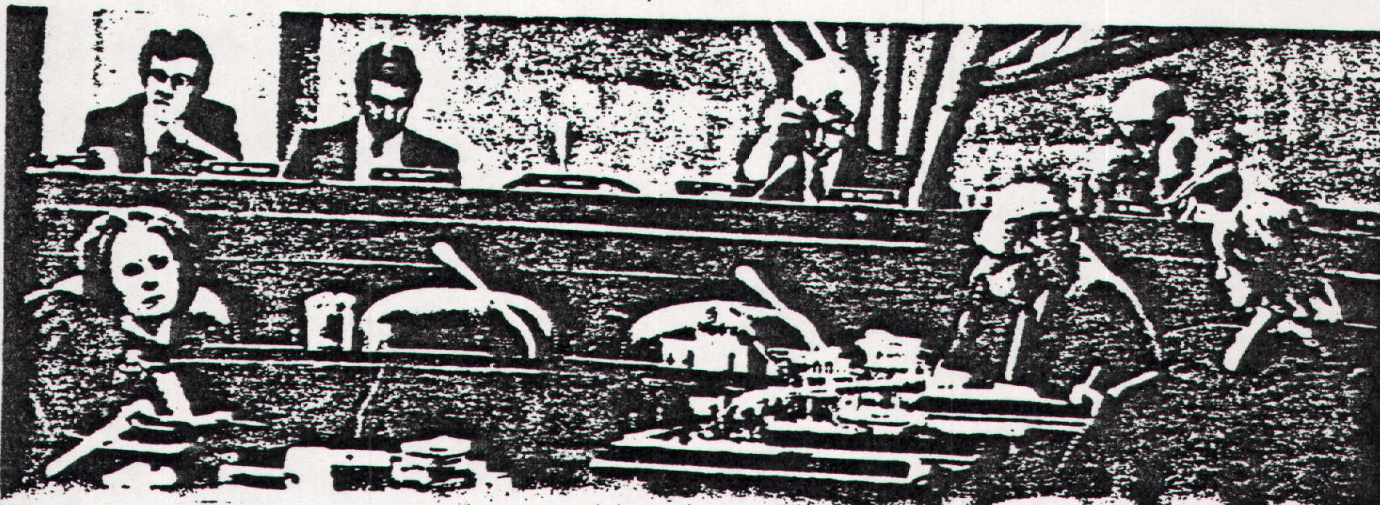
One of the most disturbing things is the total lack of interest within the executive for determining specifically the status of public lands with respect to their availability for mineral development.

The lack of sufficient information of mineral resources is being used as a reason for not considering minerals.

Foreign Mineral Dependence

To the extent that a country is dependent on import

From left, Rep. Robert Whittaker (R-KS), Rep. Dan Marriott (R-UT), Chairman Santini (D-NV) and Will Dare, subcommittee consultant, during a subcommittee hearing



sources for basic raw materials, economy can be held at ransom by an association of exporting countries—whether instituted by political or economic concerns—determined to manipulate prices to their advantage.

Although control, in the full sense of the term cartel—an organization with the ability to artificially maintain high prices or deny supplies over a long period of time—is unlikely—except possibly for chromium, and platinum group metals—producer associations particularly during periods of short supply and rising prices will increasingly be capable of exacting still higher prices. In addition, they may well be willing and able to restrict supplies to certain consuming nations for political purposes.

The ability to undertake cartel-like action is enhanced by the shift in world ownership patterns of several important nonfuel minerals whereby governments themselves, with their own particular goals and objectives, not necessarily involving profit, have assumed ownership of important parts of the mineral sector. Moreover, the failure to fully appreciate the growing sophistication of producer strategies and the dangers posed renders important America's ability to alter and correct past mistakes and to develop answers.

No individual, agency, or department within the United States government is today weighing the worldwide lag in new mineral development, the growing lead times for development, and the effects of inflation on such developments against increasing world demands particularly on the part of developing countries and, most importantly, United States government policies that are in effect promoting offshore reliance. The only possible conclusion is that the executive is simply not planning for the long-term mineral needs of the United States economy and its defense. It would certainly appear that the responsibility for the assurance of long-term foreign supplies is too important an objective to lie solely within the Department of State whose foreign policy interests subordinate domestic and even national interests in this area. The foreign policy of the United States government has failed to evidence a basic responsibility for the adequacy or costs of mineral imports. American foreign policy has disregarded both America's legitimate mineral interests abroad and the security of mineral access—even in the sub-area of economic policy.

There are extremely serious security implications currently being ignored in the federal government's inconsistent approach to mineral adequacy. Minerals essential to the production of military hardware and its industrial base are of vital importance to the nation not merely in times of international tension but at all times so as to minimize existing vulnerabilities and forestall crisis provocation. This is particularly true if the source nations for such materials are either potential adversaries or politically unstable. The United States will be incapable of fulfilling mutual security commitments if a significant part of its energies must be expended to guarantee the flow of critical mineral resources essential to mere national survival.

The stockpile today relative to some important commodities is neither of adequate quality or quantity. Holdings of some vital materials are far below present objectives, and for some there are no holdings at all.

RECOMMENDATIONS

The United States must begin today to put to an end the self-defeating nonfuel minerals non-policy that is crippling the United States mineral industry, increasing national dependence on foreign sources, and placing in jeopardy the nation's economy, defense and world stature. The very first step, however, is to develop a commitment on the part of the United States government and its leaders for an effective national minerals policy.

National Minerals Policy

- The Nonfuel Minerals Policy Review, initiated in December 1977, should be revised and completed, culminating in a Presidential decision document.
- The Mining and Minerals Policy Act of 1970 has not been an integral part of national policies and goals and should be fully implemented as intended.
- The Assistant Secretary for Energy and Minerals, Department of the Interior should faithfully fulfill the responsibilities as the energy and minerals advocate within the Department of the Interior and the executive.
- The President should create, within the Office of Management and Budget or the Executive Office of the President, an Office of Energy and Minerals (OEM). This office should ensure that the nation's mineral needs and resources are adequately considered in all actions and decisions of federal agencies and departments.

Federal Lands

- The Congress should recognize and consider in the adoption of public land classifications, which would prohibit or restrict mineral exploration and development, the essential role of those lands in assuring domestic supplies of minerals, the relatively low state of knowledge regarding their mineral potential, and the ever changing characterization of mineral potential given technological advances. The Congress should therefore exercise extreme caution in the passage of such legislation.
- The Department of the Interior, as a general policy, should make public lands more accessible for mineral exploration and development.
- The Department of the Interior should make a full review of all federal actions relative to public lands to determine the status of those lands with respect to their availability for mineral search and development. The review should be completed within three years and is independent of the withdrawal review mandated by the Federal Land Policy and Management Act. Such information is vital in order that Congress may make fully informed decisions with respect to the public lands.
- The Department of the Interior should take fully into account in the development of restrictive land classification recommendations and decisions the mineral resource data and estimates of potential made available by the Bureau of Mines and United States Geologic Survey recognizing that government surveys lead to few discoveries and thus do not constitute exploration in its truest sense.
- The Department of the Interior should implement the

mineral assessment provisions of the Federal Land Policy and Management Act of 1976, the Strategic and Critical Stockpiling Act of 1946, and the Wilderness Act of 1964.

- The Wilderness Act of 1964 should be enforced to permit full exploration and development of nonfuel minerals in accordance with the intent of 4(d)(3).
- The Wilderness Act of 1964 should be amended to permit mineral exploration upon wilderness lands through the year 2000, and for wilderness created after 1980, for a period of 20 years.
- Mineral values of public lands should be placed on a priority at least equal to the environmental concept of "areas of critical environmental concern" and other similar classifications. The rarity of a mineral occurrence necessitates the adoption of a concept of "areas of strategic mineral potential" whereby mineral areas would be so designated and hence protected from restrictive classification.

Capital Requirements

- Low-cost pollution control financing should be made more available by permitting eligibility despite incidental recovery of mineral by-products.
- Industrial revenue bond financing should be made available for mineral activities costing more than \$10 million.
- Percentage depletion allowances and expensing of exploration and development costs should be continued.
- Investment tax credit should be extended to include all buildings used in mining and manufacturing and made refundable or at least fully credited against a company's entire tax liability.
- Realistic, flexible capital cost recovery allowances for plant and equipment investments should be adopted in lieu of present depreciation allowances.
- The costs of environmental and other government mandated requirements should be permitted to be written off over any period selected by the taxpayer including the year of expenditure.
- Tax-exempt municipal bond financing should be available for non-productive pollution control equipment as well as for other government-mandated expenditures.

Antitrust

- The executive should undertake a re-examination of the manner in which antitrust laws have been implemented recognizing that the adversarial relationship between the executive and the minerals industry must end.
- The executive should revise and modify antitrust policy as necessary to promote cooperative government and industry research and development and informed participation at international minerals forums.

Environmental Standards

- The Congress should more definitively specify the objectives of environmental legislation because broadly written, ambiguous goals provide little real direction while allowing for administrative misinterpretation or

abuse of legislative intent.

- The Congress should, in the adoption of environmental legislation, link the goals sought with the costs involved to provide that standards will be economically attainable.
- The executive should place a moratorium on the issuance of additional regulations in order to ascertain the cumulative impact of such regulations on the minerals industry and ensure that such regulations require the attainment of reasonable standards based on provable data.
- The executive, in the preparation, creation and promulgation of environmental standards, should balance the environmental objectives sought with the cost involved. As well, the executive should enforce performance rather than design standards so as to fully utilize the innovative potential of America's private enterprise.

Research and Development

- Mineral supply research and development should be significantly increased to reestablish United States leadership in technological innovation and to improve productivity in the minerals sector.
- Increased levels of support should be provided colleges and universities engaged in extractive technologies research.
- A program should be devised for government to more effectively contribute to demonstration projects to prove new technologies.
- The 31 Mineral Institutes established by the Department of the Interior at colleges and universities should be transferred to the Bureau of Mines to improve mineral supply research and development cooperation.

Foreign Policy

- Foreign policy should include the legitimate economic interests of the United States as a significant element of its national security interests.
- An economic strategy relative to foreign nations should be developed to give higher priority to mineral resource aspects of foreign relations as a means to manage and limit resource vulnerability.
- Foreign policy should have as a goal reliable access for United States mineral investments for national economic security. Foreign aid as an aspect of foreign policy should be directed toward this goal.
- The United States should work to reestablish traditional economic concepts under international law.
- The United States should exercise care when imposing U.S. environmental prerequisites on foreign mineral investments if imposition of standards will result in the loss of economic benefits to the developing country.

National Defense

- The Department of Defense can no longer act as a consuming bystander regarding national minerals policy. Instead, the Department of Defense should become involved within the executive so as to ensure secure and stable sources for the mineral needs of the nation's defense systems. The surest source of minerals in times of crisis is a domestic source.